

Town of Hulbert, Oklahoma

**Annual Financial Statements and Accompanying
Independent Auditor's Reports**

June 30, 2021

**Samuel S Alexander
Certified Public Accountant**

Town of Hulbert, Oklahoma

June 30, 2021

BOARD OF TRUSTEES

Mayor

Kenneth Fore

Members

Amanda Hakes

Tristan Brave

Clerk/Treasurer

Seth Welch

Public Works Superintendent

Justin Hamby

Town Attorney

Grant T. Lloyd

Town of Hulbert, Oklahoma
June 30, 2021

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Town of Hulbert, Oklahoma
June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Trustees
Town of Hulbert, Oklahoma

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hulbert, Oklahoma, (the Town) as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Opinion on Governmental Activities

As discussed in Note A, the financial statements referred to above do not include complete fixed assets for the governmental funds. Accounting principles generally accepted in the United States of America require the capitalization and recording of fixed assets, which would increase the assets and fund balance, and change the revenues in the governmental funds. The amount that should be recorded for the Town's fixed assets has not been determined.

Qualified Opinion

In my opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities", the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Hulbert, Oklahoma, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unqualified Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hulbert, Oklahoma, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has elected to omit Management's Discussion and Analysis. Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The omission of this information does not affect the opinions expressed on the financial statements taken as a whole.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hulbert, Oklahoma's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor funds financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. Except for the effects on the combining and individual statements and schedules of revenues, expenditures, and changes in fund balances, statements of revenues, expenses and changes in net assets, and statements of cash flows for management having not recorded fixed assets, the combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules, in my opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 23, 2022, on my consideration of the Town's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of this report is to describe the scope of my testing of internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

June 23, 2022
Wagoner, Oklahoma

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF HULBERT, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business -Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 247,844	\$ 1,960,263	\$ 2,208,107
Accounts receivable	28,794	92,554	121,348
Prepaid insurance	29,200	29,871	59,071
Capital assets:	-		-
Land	-	104,500	104,500
Property, plant & equipment	1,138,834	2,100,020	3,238,854
 Total Assets	 <u>1,444,672</u>	 <u>4,287,208</u>	 <u>5,731,880</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to pensions	77,349	139,660	217,009
 Total	 <u>1,522,021</u>	 <u>4,426,868</u>	 <u>5,948,889</u>
LIABILITIES			
Accounts payable	32,751	69,605	102,356
Net pension liability	106,079	181,014	287,093
Customer deposits payable	-	177,506	177,506
Notes payable-current	10,258	205,000	215,258
Notes payable-long term	98,452	1,470,000	1,568,452
 Total Liabilities	 <u>247,540</u>	 <u>2,103,125</u>	 <u>2,350,665</u>
DEFERRED INFLOW OF RESOURCES			
Deferred resources related to pensions	42,241	62,304	104,545
 Total	 <u>289,781</u>	 <u>2,165,429</u>	 <u>2,455,210</u>
NET POSITION			
Net investment in Capital Assets	1,030,124	425,020	1,455,144
Restricted for debt service		463,117	463,117
Unrestricted	202,116	1,373,302	1,575,418
 Total Net Position	 <u>\$ 1,232,240</u>	 <u>\$ 2,261,439</u>	 <u>\$ 3,493,679</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF HULBERT, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	TOTALS
Functions/Programs						
Primary Government:						
General Government	\$ 118,976	\$ 1,610	\$ 17,154	\$ (100,212)	\$ -	\$ (100,212)
Public Safety	320,782	93,670	4,826	(222,286)	-	(222,286)
Total government activities	439,758	95,280	21,980	(322,498)	-	(322,498)
Business - Type Activities:						
Water, Sewer, Gas & Trash	1,657,820	\$ 1,907,311	-	-	249,491	249,491
Debt Service	47,125	-	-	-	(47,125)	(47,125)
New Service		28,124	-	-	28,124	28,124
Penalties		39,594	-	-	39,594	39,594
REAP Grant		30,701	-	-	30,701	30,701
Depreciation - unallocated	248,330			-	(248,330)	(248,330)
Total business - type activities	1,953,275	2,005,730	-	-	52,455	52,455
Totals	\$ 2,393,033	\$ 2,101,010	\$ 21,980	(322,498)	52,455	(270,043)
General revenues						
Taxes:						
Sales tax				340,595		340,595
Franchise tax				237		237
Alcoholic beverage tax				10,006		10,006
Commercial vehicle tax				4,770		4,770
Rent revenue					6,000	6,000
Refund					23,982	23,982
Miscellaneous				3,124	2,712	5,836
Interest				217	3,116	3,333
Transfers - internal activity				122,195	(122,195)	-
Total general revenues and transfers				481,144	(86,385)	394,759
Changes in net position				158,646	(33,930)	124,716
Net position, beginning of period				1,073,594	2,295,369	3,368,963
Net position, end of period				\$ 1,232,240	\$ 2,261,439	\$ 3,493,679

The accompanying notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

TOWN OF HULBERT, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Street and Alley Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash equivalents	\$ 215,259	26,663	5,922	247,844
Accounts receivable	28,404	390	-	28,794
Prepaid Insurance	29,200	-	-	29,200
Total Assets	<u>272,863</u>	<u>27,053</u>	<u>5,922</u>	<u>305,838</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred resources related to pensions	77,349	-	-	77,349
Total	<u>350,212</u>	<u>27,053</u>	<u>5,922</u>	<u>383,187</u>
LIABILITIES				
Accounts payable	32,751	-	-	32,751
Net pension liability	106,079	-	-	106,079
Note payable	108,710	-	-	108,710
Total liabilities	<u>247,540</u>	<u>-</u>	<u>-</u>	<u>247,540</u>
DEFERRED INFLOW OF RESOURCES				
Deferred resources related to pensions	42,241	-	-	42,241
Total	<u>289,781</u>	<u>-</u>	<u>-</u>	<u>289,781</u>
FUND BALANCES				
Non spendable	-	27,053	5,922	32,975
Unassigned	60,431	-	-	60,431
Total fund balance	<u>60,431</u>	<u>27,053</u>	<u>5,922</u>	<u>93,406</u>
Total Liabilities and Fund Balances	<u>\$ 350,212</u>	<u>27,053</u>	<u>5,922</u>	

Net Assets of Governmental Activities 93,406

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore,
are not reported as assets in governmental funds. The cost of the assets is \$1,138,834

There is no accumulated depreciation. 1,138,834

Net Assets of Governmental Activities 1,232,240

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF HULBERT, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Street and Alley Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 350,837	4,770	-	355,607
License and permits	1,610			1,610
Fines and forfeitures	92,670			92,670
Tribal resources	19,826	-	-	19,826
Fire runs	1,000			1,000
Donations	2,154			2,154
Miscellaneous	3,124	-		3,124
Interest earnings	178	24	15	217
Total revenues	<u>\$ 471,399</u>	<u>4,794</u>	<u>15</u>	<u>476,208</u>
Expenditures:				
General government	118,975	-		118,975
Public safety:				
Police	298,090		-	298,090
Fire	18,998	-	-	18,998
Interest expense	3,694			3,694
Capital outlay	19,424	5,270	-	24,694
Total expenditures	<u>459,181</u>	<u>5,270</u>	<u>-</u>	<u>464,451</u>
Excess (deficiency) of revenues over expend	12,218	(476)	15	- 11,757
Other Financing sources (Uses):				
Operating transfers in/(out) - HPWA	116,925	5,270	-	122,195
Total Other Financing Sources (Uses)	<u>116,925</u>	<u>5,270</u>	<u>-</u>	<u>122,195</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	129,143	4,794	15	133,952
Fund balances - beginning of year	<u>(68,712)</u>	<u>22,259</u>	<u>5,907</u>	<u>(40,546)</u>
Fund balances - end of year	<u>\$ 60,431</u>	<u>27,053</u>	<u>5,922</u>	<u>93,406</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF HULBERT, OKLAHOMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Net change in fund balances - governmental funds	\$ 133,952
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Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in net assets are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for business type activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of revenues, expenditures, and changes in net assets.

Capital outlay expenditures - 2020-2021	<u>24,694</u>
Changes in net assets of governmental activities	<u>\$ 158,646</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF HULBERT, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

Public Works
Authority
Enterprise
Fund

ASSETS

Current assets:

Cash	\$ 1,152,280
Restricted cash	463,117
Investment - Certificates of Deposit	344,866
Accounts receivable	92,554
Prepaid insurance	29,871

Capital assets

Land	104,500
Property, plant & equipment (net)	2,100,020
Total Assets	<u>4,287,208</u>

DEFERRED OUTFLOW OF RESOURCES

Deferred resources related to pensions	139,660
Total	<u>4,426,868</u>

LIABILITIES

Current liabilities:

Accounts payable	69,605
Net pension liability	181,014
Customer deposits payable	177,506
Current portion of long-term liabilities	205,000
Total current liabilities	<u>633,125</u>

Noncurrent liabilities:

Long-term liabilities	1,470,000
Total Liabilities	<u>2,103,125</u>

DEFERRED INFLOW OF RESOURCES

Deferred resources related to pensions	62,304
Total	<u>2,165,429</u>

NET POSITION

Net investment in Capital Assets	425,020
Restricted for debt service	463,117
Unrestricted	<u>1,373,302</u>

Total Net Position	<u>\$ 2,261,439</u>
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The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF HULBERT, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

Public Works
Authority
Enterprise
Fund

Operating Revenues:

Charges for services:

Utilities - water, sewer, trash, gas	\$ 1,907,311
Penalties	39,594
REAP grant	30,701
Rent revenue	6,000
Miscellaneous	2,712
Refund	23,982
New service	28,124
Total revenues collected	<u>2,038,424</u>

Operating Expenses:

Personnel compensation and burden	488,049
Materials and supplies	1,139,558
Other services and charges	30,213
Depreciation	248,330
Total operating expenses	<u>1,906,150</u>

Operating Income (Loss)	132,274
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Non-Operating Revenues (Expenses):

Investment income	3,116
Bond fees	(1,500)
Interest expense	(45,625)
Total Non-Operating Revenues (Expenses)	<u>(44,009)</u>

Net Income (Loss) Before Contributions and Transfers	88,265
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Transfer out	<u>(122,195)</u>
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Change in net position	(33,930)
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Total net position - beginning of year	<u>2,295,369</u>
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Total net position - end of year	<u><u>\$ 2,261,439</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF HULBERT, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

Public Works
Authority
Enterprise
Fund

Cash Flows from Operating Activities:	
Receipts from customers	\$ 2,036,919
Payments to employees	(526,429)
Payments to suppliers	(1,110,211)
Net Cash Provided by Operating Activities	<u>400,279</u>
Cash Flows from Noncapital Financing Activities:	
Decrease in prepaid insurance	11,059
Increase in customer deposits	22,923
Increase in deferred outflows related to pensions	(68,525)
Decrease in deferred inflows related to pensions	(11,214)
Transfers to other funds	(122,195)
	<u>(167,952)</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets net of disposals	(72,427)
Principal paid on debt	(200,000)
Interest and fees paid on debt	(47,125)
Net Cash Provided(used by) Capital and Related Financing Activities	<u>(319,552)</u>
Cash Flows from Investing Activities	
Interest on investments	<u>3,116</u>
Net increase (decrease) in cash and cash equivalents	(84,109)
Balance - beginning of period	<u>2,044,372</u>
Balance - end of period	<u><u>\$ 1,960,263</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	132,274
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	248,330
Change in assets and liabilities:	
Increase in accounts receivable	(1,505)
Decrease in accounts payable	(20,179)
Increase in net pension liability	41,359
Net cash provided by operating activities	<u><u>\$ 400,279</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note A – Summary of Significant Accounting Policies

The Town of Hulbert, Oklahoma, is a “Statutory Town Government” under Title 11, Oklahoma Statutes.

The Town provides the following services: Public safety (fire and police), streets and highways, public improvements, planning and zoning, and general administrative services.

As discussed further in Note A (2), these financial statements are presented on the accrual basis of accounting. This basis of accounting complies with accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the basis of accounting used, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The Town of Hulbert is the primary government and the Hulbert Public Works Authority is a blended component unit, both of which comprise the financial reporting entity in conformity with the provisions of Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity.”

The Hulbert Public Works Authority is presented as a blended component unit. The Authority is a public trust created under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes, 2001, Section 176 to 180.03, for the use and benefit of the Town of Hulbert, Oklahoma. The authority was created to finance, develop and operate the gas, water, sewer and solid waste activities of the Town. The Authority leases the gas, water and sewer utility system from the Town. The lease rental each year is the revenue remaining after payments have been made to debt service accounts and all operating expenses of the authority have been paid. The Authority is accounted for as an enterprise fund.

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note A – Summary of Significant Accounting Policies - Continued

1. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements.

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental and enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purpose or designated to finance particular functions or activities of the Town. The reporting entity includes the following special revenue funds, all of which are reported as nonmajor funds:

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note A – Summary of Significant Accounting Policies - Continued

<i>Fund</i>	<i>Brief Description</i>
Street and Alley Fund	Accounts for gasoline, excise and commercial vehicle taxes legally restricted for street and alley improvements.
Special Projects Fund	Accounts for any revenues and expenditures of grant funds.

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. Operating revenues include user charges for services, refunds and reimbursements, and related operational income. Nonoperating revenues would include the balance of proprietary income. The reporting entity includes the following enterprise fund that is reported as a major fund:

<i>Fund</i>	<i>Brief Description</i>
Public Works Authority Fund	Accounts for the activities of the public trust in providing gas, water, wastewater, and sanitation services to the public.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Town. Agency funds are generally used to account for assets that the Town holds on the behalf of others as their agent.

2. Measurement focus and Basis of Accounting

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, as defined in item (b) below.

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note A – Summary of Significant Accounting Policies - Continued

In the fund financial statement, the “current financial resources” measurement focus or the “economic resources” measurement focus is used, as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental, business-like, and component unit activities are presented using the accrual basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from measurable and awardable transactions without a provision for depreciation in the government-wide statements, but with depreciation in the proprietary fund statements, and the similar discretely presented component unit statements. This basis is in compliance with accounting principles generally accepted in the United States of America.

The Town utilizes the modified accrual basis of accounting for its governmental funds and the proprietary fund types use the accrual basis of accounting. All government-wide financials are presented on the accrual basis of accounting.

Cash and Cash Equivalents

In all funds presented, cash and cash equivalents include all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less. Investments consist of long-term certificates of deposits reported at cost, which approximates market value, unless otherwise indicated.

In the Hulbert Public Works Authority, utility revenue and related accounts receivable are reported for utility services provided and billed prior to year-end but not yet collected.

Any amounts due and payable between legal entities resulting from budgetary basis transactions are reported as Internal Balances and eliminated in the total column.

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note A – Summary of Significant Accounting Policies - Continued

Capital Assets

In the government-wide and proprietary fund financial statements, certain acquisitions are accounted for as capital assets. All capital assets are carried at historical cost, net of accumulated depreciation. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets useful lives is treated as an expense. Depreciation is computed using the straight-line method over the asset's useful lives.

Capitalization thresholds and estimated useful lives of capital assets are as follows:

Asset Category	Capitalization Threshold	Years
Business type activities		
Utility structure	\$10,000	30-40
Water treatment infrastructure	\$10,000	30-40
Furniture, fixtures and equipment	\$10,000	5-10
Vehicles	\$10,000	5-10

Net Position

Net position is presented in three components:

The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of notes or other borrowings attributable to the acquisition of those assets.

Restricted – Consists of net position with constraints placed on the use of either by

- 1) Externally imposed by creditors, or
- 2) Law through constitutional provisions or enabling legislation.

Unrestricted – All other net position not meeting the definition of “restricted”.

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note A – Summary of Significant Accounting Policies - Continued

Total Columns on Combined Statements

Total columns on the Combined Statements are captioned “Memorandum Only” to indicate they are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Transactions Between Funds

Legally authorized transfers, if any, are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees Retirement System of Hulbert, Oklahoma, and additions to/deductions from ERS’s fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note B - Capital Assets

Capital asset activity for the year ended June 30, 2021 is presented below.

	Balance at June 30, 2020	Additions	Deductions	Balance at June 30, 2021
Governmental activities:				
Machinery and equipment	\$ 660,967	\$ 19,424	\$ -	\$ 680,391
Park	135,439			135,439
Building	212,423			212,423
Streets	105,311	5,270		110,581
Total governmental activities	\$ 1,114,140	\$ 24,694	\$ -	\$ 1,138,834
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 104,500	\$ -	\$ -	\$ 104,500
Other capital assets:				
Utility property and improvements	8,441,796	72,427		8,514,223
Less accumulated depreciation for:				
Utility property and improvements	(6,165,873)	(248,330)		(6,414,203)
Business-type activities capital assets, net	\$ 2,380,423	\$ (175,903)	\$ -	\$ 2,204,520

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note C – Sales Tax

The Town is currently receiving a sales tax on each dollar of sales. All sales tax proceeds are deposited into the general fund for the purpose of paying the operation and maintenance costs incurred by the Town.

Note D - Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
GOVERNMENTAL ACTIVITIES					
Lease purchase obligation:					
General obligation debt	118,892		10,183	108,709	10,258
BUSINESS-TYPE ACTIVITIES					
Notes payable:					
General obligation debt	1,875,000	-	200,000	1,675,000	205,000

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note D - Long-Term Liabilities (Continued)

Payments on the notes payable that pertain to the Town's governmental activities are paid directly from the General Fund. This obligation bears 3.25% interest with annual installments in the amount of \$14,222 until April 30, 2029.

The 2019 utility system loan is in the initial amount of \$1,970,000 dated November 1, 2019. The loan bears 2.5% interest with semi-annual installment payments ranging from \$95,000 initially to \$120,000 until December 1, 2028.

Debt maturity dates over the next five years are as follows.

<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-Type</u>
Year ended	Building lease/purchase	Utility system loan
June 30, 2022	10,258	205,000
June 30, 2023	10,886	210,000
June 30, 2024	11,256	220,000
June 30, 2025	11,639	220,000
June 30, 2026	12,134	230,000

Note E – Deposits and Investment Risk

On June 30, 2021, the reporting entity had the following deposits and investments.

<u>Type of Deposits and Investments</u>	<u>Carrying Value</u>
Demand deposits	\$1,853,241
Investments – certificates of deposit	<u>354,866</u>
Total Deposits and Investments	<u>\$2,208,107</u>

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note E – Deposits and Investment Risk(continued)

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the Town holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Town's name collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investment exists when the Town holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the Town's name.

The Town's policy, as it relates to custodial credit risk, is to comply with State law and secure its uninsured deposits with collateral, valued at no more than market value, at last at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S Treasury securities and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma, surety bond, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823 (c), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee.

On June 30, 2021, the carrying amount of the Town's demand deposits was \$2,207,406. Aggregate Demand deposit bank balances were \$2,263,773. Of the bank balances, \$270,282 was covered by the Federal Deposit Insurance Corporation (FDIC) and the remaining balance of \$1,937,124 unsecured.

Effective October 4, 2021; The Town acquired sufficient collateral pledged to eliminate the unsecured balance.

Concentration of Investment Credit Risk – The Town has no investment policy that limits its investment choices other than limitations of State law.

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represents a significant percent of total investments of the Town (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The Town places no limit on the amount it may invest in any one issuer. On June 30, 2021, the Town had no concentration of credit risk as defined above.

The Town's marketable investments on June 30, 2021 consisted of \$354,866 in Certificates of Deposit.

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note E – Deposits and Investment Risk(continued)

Investment Interest Rate Risk – The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town's only investments are certificates of deposit.

Note F – Fair Value Measurement

The Town's investments were measured and reported at fair value and are classified according to the following hierarchy:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based on the pricing transparency of the instrument and should not be perceived as the investment's risk. The following table sets forth by level, within the fair value hierarchy, the Town's assets at fair value as of June 30, 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment Type				
Investments accounted for at fair value	-	-	-	-
Certificates of deposit (excluded from fair value measurement)				<u>\$354,866</u>
Total investments				<u>\$354,866</u>

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note G – Employee Retirement System

The Town of Hulbert, Oklahoma is a party to a pension or retirement plan.

General Information about the Pension Plan

The Employee Retirement System of Hulbert, Oklahoma (ERS), provides pensions for all permanent full time employees of the Town. ERS is a single-employer defined benefit pension plan administered by the Oklahoma Municipal Retirement Fund (OkMRF). OkMRF is authorized by Oklahoma Statutes to pool funds for investment purposes. OkMRF issues a publicly available financial report that can be obtained at www.okmrf.org.

Benefits Provided

ERS provides retirement, disability and death benefits. Normal retirement benefits (accrued benefits) are calculated as 1.5% of final average compensation times the employee's years of credited service. Employees with 10 or more years of vesting service are eligible to retire at age 65. Early retirement eligibility begins with termination after age 55, with 10 or more years of vesting service, and these benefits equal the accrued benefit payable starting at normal retirement age, or the accrued benefit reduced 5% per year for commencement prior to normal retirement age. All employees are eligible for disability retirement benefits upon total and permanent disability after 10 or more years of service. Disability retirement benefits equal the accrued benefit upon disablement without reduction for years of service. In-service death benefits before vesting are the return of employee contributions with interest. In-service death benefits after vesting for married participants amount to 50% of the accrued benefit payable to the spouse until death or remarriage. Other in-service death benefits after vesting amount to 50% of the accrued benefit payable for 5 years certain. An employee who leaves Town service before vesting receives a return of employee contributions with interest. An employee who leaves Town service after vesting receives the accrued benefit payable starting at normal retirement age, or a reduced benefit payable at early retirement age. The plan has not elected the automatic post-retirement cost of living adjustments.

TOWN OF HULBERT, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note G – Employee Retirement System-continued

Employees Covered by Benefit Terms

At July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Active employees	<u>14</u>
	<u>16</u>

Contributions

OkMRF establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town contributes the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2021, the active employee contribution rate was 3.75% of annual pay, and the Town's average contribution rate was 9.55% of annual payroll.

Net Pension Liability

The Town's net pension liability was measured as of July 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total pension liability in the July 1, 2020 actuarial valuation is determined using the participant census and plan provisions in effect as of the measurement date. Service cost is the portion of the present value of projected benefit payments attributed to the measurement period, which is the twelve-month period ending on the measurement date. Actuarial assumptions and methods adopted by the Oklahoma Municipal Retirement Fund were used. The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50%, as prescribed when the plan's fiduciary net position is projected to be sufficient to make projected benefit

TOWN OF HULBERT, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note G – Employee Retirement System-continued

payments. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of actuarial experience study for the period July 1, 2019 to July 1, 2020.

Salary increases	Annual rates of pay increase as computed
Investment rate of return	7.5%

Mortality rates were based on mortality tables: Before retirement Pub G 2010
 After retirement Pub G 2010 with
 Projected mortality improvement

Long Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2020 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.8%	1.45%
Small/mid cap stocks Russell 2500	10%	6.4%	.64%
Long/short equity MSCI ACWI	10%	5.0%	.50%
International stocks MSCI EAFE	20%	6.2%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.3%	.69%
Real estate NCREIF	5%	4.6%	.23%
	100%		
		Average Real Return	4.75%
		Inflation	<u>2.75%</u>
		Long term expected return	<u>7.50%</u>

TOWN OF HULBERT, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Note G – Employee Retirement System-continued

Discount Rate - The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50%, as prescribed by paragraph 26 of GASB 68 when the plan's fiduciary net position is projected to be sufficient to make projected benefit payments.

The employer has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, in accordance with paragraph 29, the evaluations required by paragraph 27 to determine the sufficiency pension plan assets can be made without a separate projection of cash flows.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 7/1/2019	\$942,738	\$ 721,346	\$ 221,392
Changes for the year:			
Service cost	23,671		23,671
Interest cost	69,444		69,444
Difference between expected and actual experience	91,212		91,212
Contributions - Employer		67,334	(67,334)
Contributions - Employee		20,920	(20,920)
Net investment income		31,915	(31,915)
Benefit payments, including refunds of contributions	(34,259)	(34,259)	
Administrative expenses		(1,543)	1,543
Net Changes	150,068	84,367	65,701
Balance at 7/1/2020	\$1,092,806	805,713	287,093

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The attached table presents the net pension liability of the Town, calculated using the discount rate of 7.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 1,252,617	\$ 1,092,806	\$ 964,268
Plan Fiduciary Net Position	805,713	805,713	805,713
Net Pension Liability	\$ 446,904	\$ 287,093	\$ 158,555

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note G – Employee Retirement System-continued

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued OMRF financial report, which can be located at www.okmfr.org

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Actuarial (gains)/losses	\$ 85,140	\$ 83,750
Changes of assumptions	19,027	
Investment (gains)/losses	<u>21,720</u>	<u>4,858</u>
Total	<u>\$ 125,887</u>	<u>\$ 88,608</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.

Year ended June 30,	
2022	\$ 1,198
2023	3,360
2024	3,251
2025	8,098
2026	13,969
Thereafter	<u>7,403</u>
	<u>37,279</u>

Payable to the Pension Plan The Town has no contribution liability to the pension plan for the year ended June 30, 2021.

TOWN OF HULBERT, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note H – Risk Management

The Town is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Town purchases commercial insurance to cover these risks. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

Note I – Subsequent Events

Subsequent events have been evaluated through the financial statement issuance date of June 23, 2022 with no items noted for reporting.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF HULBERT, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2021

	GENERAL FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Fund Balance, beginning of year	\$ (68,712)	\$ (68,712)	\$ (68,712)	\$ -
Revenues				
Sales tax	236,600	236,600	340,594	103,994
Franchise tax	300	300	237	(63)
Alcoholic beverage tax	7,500	7,500	10,006	2,506
Licenses and permits	2,100	2,100	1,610	(490)
Fire department grant	4,500	4,500	4,826	326
Cherokee/UKB grant	15,000	15,000	15,000	-
Donations	-	-	2,154	2,154
REAP grant	-	-	61,402	61,402
Fines and forfeitures	85,000	85,000	92,670	7,670
Fire runs	1,000	1,000	1,000	-
Miscellaneous	13,000	13,000	3,124	(9,876)
Interest	800	800	178	(622)
Total Revenues	<u>365,800</u>	<u>365,800</u>	<u>532,801</u>	<u>167,001</u>
Expenditures				
General government	157,864	157,864	149,677	8,187
Capital outlay	54,500	54,500	21,161	33,339
Interest expense			3,694	(3,694)
Police	386,161	386,161	305,344	80,817
Fire	26,300	26,300	18,998	7,302
Total Expenditures	<u>624,825</u>	<u>624,825</u>	<u>498,874</u>	<u>125,951</u>
Excess of revenues over (under) expenditures before other sources (uses) of funds	(259,025)	(259,025)	33,927	292,952
Other financing sources:				
Operating transfers in-HPWA	<u>100,000</u>	<u>100,000</u>	<u>86,225</u>	<u>(13,775)</u>
Excess of revenues over (under) expenditures and other financing sources	<u>(159,025)</u>	<u>(159,025)</u>	120,152	<u>\$ 279,177</u>
Fund balances - end of period			<u>\$ 51,440</u>	

The accompanying notes to the financial statements are an integral part of this statement.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF HULBERT, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
STREET AND ALLEY FUND
FOR YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Fund Balance, beginning of year	\$ 22,259	\$ 22,259	\$ 22,259	\$ -
Revenues				
Commercial vehicle tax	3,500	3,500	4,260	760
Gasoline excise tax	1,250	1,250	510	(740)
Interest	130	130	24	(106)
Total Revenues	<u>4,880</u>	<u>4,880</u>	<u>4,794</u>	<u>(86)</u>
Expenditures paid:				
Playground equipment			5,922	(5,922)
Transfer to/(from HPWA)	<u>(14,000)</u>	<u>(14,000)</u>	<u>(5,922)</u>	<u>(8,078)</u>
Total Expenditures	<u>(14,000)</u>	<u>(14,000)</u>	<u>-</u>	<u>(14,000)</u>
Excess of revenues over expenses before adjustments to prior year encumbrances	<u>\$ 18,880</u>	<u>\$ 18,880</u>	<u>4,794</u>	<u>\$ (14,086)</u>
Fund balances, end of period			<u>\$ 27,053</u>	

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF HULBERT, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
SPECIAL PROJECTS FUND
FOR YEAR ENDED JUNE 30, 2021

	SPECIAL PROJECTS - CDBG FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Fund Balance, beginning of year	\$ 5,907	\$ 5,907	\$ 5,907	\$ -
Revenues				
Taxes				
Interest	-	-	15	15
Total Revenues	-	-	15	15
Expenditures paid:				
Personal services				
Maintenance and operation				
Capital outlay				
Total Expenditures	-	-	-	-
Excess of revenues over expenses before adjustments to prior year encumbrances	\$ -	\$ -	15	15
Fund balances, end of period			\$ 5,922	

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF HULBERT, OKLAHOMA
COMBINED BALANCE SHEET - SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2021

	<u>SPECIAL PROJECTS</u>	<u>STREET AND ALLEY</u>	<u>(Memorandum Only) TOTALS</u>
ASSETS			
Cash and cash equivalents	\$ 5,922	\$ 26,663	\$ 32,585
Accounts receivable	<u>-</u>	<u>390</u>	<u>390</u>
Total Assets	<u>\$ 5,922</u>	<u>\$ 27,053</u>	<u>\$ 32,975</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Reserved for special purpose	5,922	27,053	32,975
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>5,922</u>	<u>27,053</u>	<u>32,975</u>
Total Liabilities and Fund Balances	<u>\$ 5,922</u>	<u>\$ 27,053</u>	<u>\$ 32,975</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF HULBERT, OKLAHOMA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR YEAR ENDED JUNE 30, 2021

	SPECIAL PROJECTS CDBG	STREET AND ALLEY	(Memorandum Only) TOTALS
Revenues			
Taxes	\$ -	4,770	4,770
Interest earnings	15	24	39
Total revenues	15	4,794	4,809
Expenditures			
Maintenance and operation	-	-	-
Capital outlay	-	5,270	5,270
Total expenditures	-	5,270	5,270
Excess (deficiency) of revenues over expenses	15	(476)	(461)
Other financing sources (uses)			
Operating transfers in (out)	-	5,270	5,270
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	15	4,794	4,809
Fund balances, beginning of year	5,907	22,259	28,166
Fund balances, end of year	<u>\$ 5,922</u>	<u>27,053</u>	<u>32,975</u>

The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF HULBERT, OKLAHOMA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND - MUNICIPAL COURT
JUNE 30, 2021

ASSETS

Cash and demand deposits	<u>\$ 22,856</u>
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Total Assets	<u><u>\$ 22,856</u></u>
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LIABILITIES AND FUND EQUITY

Liabilities	<u>\$ -</u>
-------------	-------------

Fiduciary Net Position	
Cash Fund Balance - Restricted	<u>22,856</u>

Total Fiduciary Net Position	<u>22,856</u>
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Total Liabilities and Fiduciary Net Position	<u><u>\$ 22,856</u></u>
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The accompanying notes to the financial statements are an integral part of this statement.

TOWN OF HULBERT, OKLAHOMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND - MUNICIPAL COURT
FOR THE YEAR ENDED JUNE 30, 2021

REVENUES

Bond refunds	\$ 121,259
Interest Income	<u>26</u>
Total revenues	<u>121,285</u>

EXPENDITURES

CLEET	4,229
Fingerprint fee	8,399
Fines and bonds refunded	90,271
Miscellaneous	<u>17,283</u>
Total expenditures	<u>120,182</u>
Excess of revenue over/(under) expenses	1,103
Fiduciary Net Position - beginning of year	<u>21,753</u>
Fiduciary Net Position - end of year	<u><u>\$ 22,856</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SINCE INITIAL APPLICATION

	Fiscal year 2021	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016	Fiscal year 2015
Total Pension Liability							
Service cost	\$ 23,671	23,478	21,588	21,207	22,187	22,967	21,846
Interest cost	69,444	70,697	69,933	58,051	57,348	51,963	49,964
Benefit changes due to plan amendments			0	108,964	0	0	0
Difference between expected and actual experience	91,212	(91,663)	(41,461)	15,882	(19,229)	36,030	0
Changes of assumptions		18,068	0	22,566	0	0	0
Benefit payments, including refunds of employee contributions	(34,259)	(40,198)	(39,582)	(46,799)	(55,505)	(27,959)	(20,516)
Net change in total pension liability	150,068	(19,618)	10,478	179,871	(4,801)	83,001	51,294
Plan pension liability -- beginning	942,738	962,356	951,878	772,007	767,206	684,205	632,911
Plan pension liability -- ending	\$ 1,092,806	942,738	962,356	951,818	772,007	767,206	684,205
Plan Fiduciary Net Position							
Contributions -- Employer	\$ 67,334	50,385	49,543	31,675	31,569	39,915	38,136
Contributions -- Employee	20,920	15,654	(4,924)	11,367	12,507	14,324	13,685
Net investment income	31,915	46,337	43,939	65,374	3,896	14,383	67,695
Benefit payments, including refunds of employee contributions	(34,259)	(40,198)	(39,582)	(46,799)	(55,505)	(27,959)	(20,516)
Administrative expense	(1,543)	(1,369)	(1,245)	(1,145)	(1,060)	(1,059)	(1,006)
Other	0	0	0	0	0	0	0
Net change in total pension liability	84,367	70,809	57,579	60,472	(5,593)	39,604	97,994
Plan fiduciary net position -- beginning	721,346	650,537	592,958	532,486	538,079	498,475	400,481
Plan fiduciary net position -- ending	\$ 805,713	721,346	650,537	592,958	532,486	538,079	498,475
Net pension liability -- ending	\$ 287,093	221,392	311,819	358,920	239,521	229,127	185,730
Plan fiduciary net position as percentage of total pension liability							
Covered employee payroll	\$ 73,734	76,524	67,604	62,294	68,974	70,134	72,854
Net pension liability position as percentage of covered employee payroll	\$ 526,326	404,114	390,078	345,681	400,696	424,337	445,069
	\$ 4,554	54,784	79,944	103,834	59,784	54,004	41,734

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**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditors Report

To the Mayor and Board of Trustees
Hulbert, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Town of Hulbert, Oklahoma (the Town) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Hulbert, Oklahoma's basic financial statements, and have issued my report thereon dated June 23, 2022. My report included a qualified opinion on Government Activities because the financial statements did not include complete fixed assets for the governmental funds.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Hulbert, Oklahoma's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hulbert, Oklahoma's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Hulbert, Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Hulbert, Oklahoma's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

June 23, 2022
Wagoner, Oklahoma